GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2512
ANSWERED ON:16.08.2004
CLOSURE OF EDIBLE OIL COMPANIES
Pandey Dr. Laxminarayan

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government is aware that many small scale edible oil companies are on the verge of closure;

(b) if so, the steps being taken by the Government to revive these sick units;

(c) the number of edible oil companies set up in Gujarat after the announcement of concessions in excise duty for reconstruction of Kutch;

(d) whether the Government is contemplating to withdraw the concessions in excise duty being given to the edible oil companies; and

(e) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): North India Confederation of Edible Oil & Vanaspati Manufacturers has represented that edible oil manufacturing units in oil seed producing State are on the verge of closure due to competition from large scale manufacturing units set up in Kutch region after availing excise duty concession provided by the Government. The Confederation has requested to withdraw excise duty exemption or make the exemption available to those units using domestic oils for refining by crushing of edible oilseeds to protect the interest of small and medium units engaged in edible oil processing.

(b): Request for withdrawal of this exemption or for restricting the same only to the new units which use oil from crushing indigenous oilseeds has not been found feasible to accept the same.

Steps taken to protect the interests of oilseed/oil processing companies include:

(i) Crushing of major oilseeds e.g. groundnut, mustard/rapeseed and sesame seed, which constitute about 60% of the total oilseeds produced in the country, are kept reserved for small scale industries.

(ii) Imports of oilseeds and edible oils except coconut/coconut oil are under Open General License (OGL)

(iii) In order to improve capacity utilization and value addition in the country, imports of crude vegetable oils of edible grade at concessional rate of duty are allowed

(c): Two edible oils companies have been set up in Gujarat and nine companies are in pipeline in Gujarat.

(d) & (e): There is no general exemption from excise duty for edible oil units. However, following earth quake in Gujarat, to attract immediate fresh investment in the Kutch district of Gujarat, Government had exempted goods produced by new industrial units from excise duty subject, inter-alia, to the following conditions:

(i) The unit must be set up on or after the date of notification i.e. 31.7.2001, but not later than 31.12.2004, and start commercial production on or before such date.

(ii) The civil construction work or the installation of plant and machinery should commence on or after 31.7.2001.

(iii) Exemption to eligible units available for period of five years from the date of commencement of commercial production.

Exemption is also available to new units producing refined edible oils.